

## Message Text

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17

ORIGIN EB-11

INFO OCT-01 AF-10 ARA-16 EUR-25 ISO-00 AGR-20 CEA-02

CIAE-00 COME-00 DODE-00 FRB-03 H-03 INR-11 INT-08

L-03 LAB-06 NSAE-00 NSC-07 PA-04 RSC-01 AID-20

CIEP-03 SS-20 STR-08 TAR-02 TRSE-00 USIA-15 PRS-01

SP-03 OMB-01 SWF-02 FEA-02 /208 R

DRAFTED BY EB/ICD/TRP:TJO'DONNELL/PPPILKAUSKAS:MH

APPROVED BY EB:JLKATZ AF/W:WRAMSEY

STR:LGRAEF

AF:JBLAKE

----- 068854

R 18235Z SEP 74

FM SECSTATE WASHDC

TO AMEMBASSY ABIDJAN

INFO AMEMBASSY BRASILIA

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

AMEMBASSY BOGOTA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

AMEMBASSY ADDIS ABABA

AMEMBASSY GUATEMALA

AMEMBASSY NAIROBI

AMEMBASSY MEXICO

AMEMBASSY YAOUNDE

AMEMBASSY COTONOU

AMEMBASSY LISBON

AMEMBASSY KIGALI

AMEMBASSY LAGOS

AMCONSUL LUANDA

AMEMBASSY LONDON

USMISSION EC BRUSSELS

AMEMBASSY PARIS

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E.O. 11652: N/A

TAGS: ETRD, EAGR

SUBJECT: COFFEE: VISIT OF IVORY COAST MINISTER OF AGRICULTURE REPRESENTING IACO.

1. DELEGATION FROM INTER-AFRICAN COFFEE ORGANIZATION (IACO) LED BY IVORY COAST MINISTER OF AGRICULTURE SAWADOGO VISITED WASHINGTON WEEK OF SEPTEMBER 2 FOR CONSULTATIONS ON COFFEE POLICY. DELEGATION MET WITH ASSISTANT SECRETARIES ENDERS AND EASUM, DEPUTY ASSISTANT SECRETARY KATZ AND AMBASSADOR MALMGREN, DEPUTY STR.

2. IN HIS MEETINGS WITH U.S. OFFICIALS, SAWADOGO STATED THAT THE PURPOSE OF THE TRIP, WHICH INCLUDED STOPS IN RIO DE JANEIRO, BOGOTA, WASHINGTON, PARIS AND BRUSSELS, WAS TO START A DIALOGUE LEADING TOWARD NEGOTIATION FOR A NEW INTERNATIONAL COFFEE AGREEMENT WITH ECONOMIC PROVISIONS. HE SAID THE AFRICAN PRODUCERS FEEL TIME IS RIPE FOR NEGOTIATIONS TO BEGIN IN CALM AND UNEMOTIONAL ATMOSPHERE RESULTING FROM HIGH, BUT NOT EXCESSIVE PRICES, AND THAT THEY COULD PRODUCE A NEW AGREEMENT WHICH COULD SERVE AS A MODEL FOR OTHER COMMODITIES.

3. SAWADOGO SAID THE IACO HAD PREPARED A WORKING DOCUMENT FOR A NEW COFFEE AGREEMENT WHICH IT WOULD DISTRIBUTE AT THE SEPT. 16-22 MEETING OF THE COFFEE COUNCIL. HE SAID THE DOCUMENT PROPOSES THE CREATING OF THREE WORKING GROUPS ON NEGOTIATIONS WITH TIMETABLES FOR COMPLETING PRELIMINARY WORK BY APRIL 1975. HE SAID HE THOUGHT THAT A DECISION TO EXTEND THE PRESENT AGREEMENT AT THIS TIME MIGHT DELAY MOMENTUM TOWARD THE AGREEMENT.

4. SAWADOGO SAID THE IACO PROPOSAL ATTEMPTS TO MEET THREE KEY CRITERIA:

(A) IT MUST WORK IN PERIODS OF SHORTAGE AS WELL AS SURPLUS.

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(B) IT SHOULD GUARANTEE PRODUCTION AS WELL AS SUPPLIES, PERHAPS BY MEANS OF A BUFFER STOCK.

(C) IT SHOULD CONSIDER ALL ASPECTS OF PRICE, HIGH AS WELL AS LOW; PRICE TO PRODUCER, CONSUMER AND INTERMEDIATE COSTS OF TRANSPORT, HANDLING, ETC.

SAWADOGO SAID THE ISSUES OUTLINED WILL CAUSE A GREAT DEAL OF DEBATE, BUT HE IS CONFIDENT THEY CAN BE RESOLVED IN FLEXIBLE, PRAGMATIC MANNER.

5. U.S. OFFICIALS REPLIED THAT WE ARE READY TO ENTER NEGOTIATIONS IF PRODUCERS WANT THEM AND THAT WE AGREE ON THE NEED FOR A FURTHER EXTENSION OF THE CURRENT AGREEMENT TO PROVIDE AMPLE TIME FOR THEM. DEPUTY ASSISTANT SECRETARY KATZ COMMENTED THAT IN SOME RESPECTS THE IACO CRITERIA CORRESPONDED TO OUR OWN THINKING AND HE AGREED THEY LEAVE LOTS OF ROOM FOR FURTHER DISCUSSION. KATZ SAID PRICE ISSUE ALWAYS DIFFICULT AND CONTROVERSIAL QUESTION, BUT WE HAVE REACHED AGREEMENT ON THIS IN THE PAST. HE SAID WE HAVE SERIOUS PROBLEMS WITH THE CONCEPT OF "INDEXIZATION." WE BELIEVE THE GOAL SHOULD BE TO STABILIZE PRICES AROUND THE LONGER TERM TREND, NOT TO ATTEMPT TO CHANGE THE TREND THROUGH ARTIFICIAL MEASURES WHICH WILL EVENTUALLY CREATE ECONOMIC DISTORTIONS.

6. IN HIS MEETINGS WITH BOTH ENDERS AND KATZ, SAWADOGO SAID HE HAD BEEN TOLD IN COLOMBIA THAT THE U.S. OPPOSED NEGOTIATIONS. HE EXPRESSED SATISFACTION THAT THE REPORT WAS WRONG.

7. MALMGREN STRESSED THAT WHILE WE WILLING PARTICIPATE IN DISCUSSIONS OF COMMODITY ARRANGEMENTS, USG PARTICULARLY SENSITIVE TO SUPPLY SITUATION AND ANY ACTS OF SUPPLIERS TENDING TO RESTRICT TRADE. AMBASSADOR MALMGREN ASKED THAT SUPPLIERS NOT BE INFLEXIBLE ON COMMODITY ISSUES. SAWADOGO AGREED THAT FLEXIBILITY IS ESSENTIAL.

8. TOUCHING ON BROADER LDC TRADE RELATED ISSUES, AMBASSADOR MALMGREN LAMENTED THE LACK OF COMMUNICATION BETWEEN AFRICAN, PARTICULARLY FRANCOPHONE STATES, AND LIMITED OFFICIAL USE

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THE U.S., ESPECIALLY AS THE MTNS COME UP. TO ACHIEVE MORE FREQUENT AND INFORMAL CONTACTS, MALMGREN SUGGESTED THAT HE OR AMBASSADOR EBERLE, WHO TRAVELS WIDELY, MIGHT VISIT AFRICA. SAWADOGO, SPEAKING ONLY FOR THE GOIC, PROMPTLY EXTENDED AN INVITATION IN PRINCIPLE FOR SUCH A VISIT AT THE EARLIEST OPPORTUNITY, AND SAID HE WOULD CONFIRM THIS THROUGH EMBASSY ABIDJAN.

9. IN MEETING WITH EASUM (AND DEP. ASST. SEC. BLAKE), SAWADOGO EXPRESSED HIS SATISFACTION WITH WASHINGTON TALKS. HE FOUND USG OFFICIALS MORE FLEXIBLE THAN ANTICIPATED AND THERE APPEARED TO BE BROADER BASIS FOR DISCUSSION AND POSSIBLE AGREEMENT THAN IACO DELEGATION HAD EXPECTED. EASUM ASSURED DELEGATION OF DEPART-

MENT'S OPENESS TO DISCUSSION WHILE EMPHASIZING THAT  
INFLATION HAS MADE AMERICAN CONSUMERS VERY SENSITIVE  
TO INCREASES IN PRICES BASIC COMMODITIES. KISSINGER

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NNN

\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

## Message Attributes

**Automatic Decaptioning:** X  
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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Draft Date:** 18 SEP 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
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**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
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**Review Authority:** golinofr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 04 APR 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <04 APR 2002 by collinp0>; APPROVED <03 JUL 2002 by golinofr>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
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**To:** ABIDJAN INFO ABIDJAN  
BOGOTA  
BRASILIA  
MULTIPLE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005